

**ASSEMBLY BILL**

**No. 2428**

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**Introduced by Assembly Member Patterson**

February 21, 2014

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An act to amend Sections 17935, 17941, 17942, 17948, and 23153 of, and to add Sections 17202.3 and 23701.1 to, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2428, as introduced, Patterson. Taxation: minimum franchise tax: deductions: exemptions.

The Personal Income Tax Law allows various deductions in computing the income that is subject to the tax imposed by that law.

This bill would allow, for taxable years beginning on or after January 1, 2014, as a deduction any income earned or received by a taxpayer that is attributable to a taxpayer's status as a partner in or sole proprietor of a qualified business, as defined, for the first 5 consecutive taxable years in which the business is a qualified business.

Existing law generally imposes a minimum franchise tax of \$800, except as provided, on every corporation incorporated in this state, qualified to transact intrastate business in this state, or doing business in this state, and an annual tax in an amount equal to the minimum franchise tax on every limited partnership, limited liability partnership, and limited liability company registered, qualified to transact business, or doing business in this state, as specified. Existing law requires every limited liability company subject to the annual tax to pay annually to this state a fee equal to specified amounts based upon total income from all sources reportable to this state.

This bill would exempt from the minimum franchise tax every corporation incorporated in this state on or after January 1, 2014, for the first 5 consecutive taxable years during which the corporation does business within this state. This bill would also exempt from the annual tax every limited partnership, limited liability partnership, and limited liability company that files the appropriate form with the Secretary of State on or after January 1, 2014, as specified, for the first 5 consecutive taxable years during which that entity does business within the state. This bill would additionally exempt a limited liability company that files the appropriate form with the Secretary of State on or after January 1, 2014, from the fee equal to specified amounts for the first 5 consecutive taxable years that the limited liability company does business within this state.

The Corporation Tax Law, in modified conformity with federal income tax laws, exempts various types of organizations from state income taxes imposed by that law.

This bill would exempt a corporation that incorporates under the laws of this state on or after January 1, 2014, for the first 5 consecutive taxable years that it does business within this state.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 17202.3 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 17202.3. (a) (1) For each taxable year beginning on or after
- 4 January 1, 2014, there shall be allowed as a deduction the amount
- 5 of qualified income earned or received by a taxpayer from a
- 6 qualified business.
- 7 (2) The deduction allowed under this section shall apply only
- 8 for the first five consecutive taxable years in which the business
- 9 is a qualified business.
- 10 (b) For purposes of this section:
- 11 (1) "Qualified business" means a business that, on or after
- 12 January 1, 2014, is either a sole proprietorship, a general
- 13 partnership that commences business within this state, a limited
- 14 partnership, or a limited liability partnership, that files the
- 15 applicable document or form with the Secretary of State, and does

1 business within this state, as defined by Section 23101, during the  
2 period in which the deduction allowed under this section is allowed.

3 (2) “Qualified income” means any income attributable to a  
4 taxpayer’s status as a partner in or sole proprietor of a qualified  
5 business.

6 SEC. 2. Section 17935 of the Revenue and Taxation Code is  
7 amended to read:

8 17935. (a) For each taxable year beginning on or after January  
9 1, 1997, every limited partnership doing business in this state ~~(as~~  
10 ~~state, as defined by Section 23101)~~ 23101, and required to file a  
11 return under Section 18633 shall pay annually to this state a tax  
12 for the privilege of doing business in this state in an amount equal  
13 to the applicable amount specified in Section 23153.

14 (b) (1) In addition to any limited partnership that is doing  
15 business in this state and therefore is subject to the tax imposed  
16 by subdivision (a), for each taxable year beginning on or after  
17 January 1, 1997, every limited partnership that has executed,  
18 acknowledged, and filed a certificate of limited partnership with  
19 the Secretary of State pursuant to Section 15621 or 15902.01 of  
20 the Corporations Code, and every foreign limited partnership that  
21 has registered with the Secretary of State pursuant to Section 15692  
22 or 15909.01 of the Corporations Code, shall pay annually the tax  
23 prescribed in subdivision (a). The tax shall be paid for each taxable  
24 year, or part thereof, until a certificate of cancellation is filed on  
25 behalf of the limited partnership with the office of the Secretary  
26 of State pursuant to Section 15623, 15696, 15902.03, or 15909.07  
27 of the Corporations Code.

28 (2) If a taxpayer files a return with the Franchise Tax Board that  
29 is designated its final return, that board shall notify the taxpayer  
30 that the tax imposed by this chapter is due annually until a  
31 certificate of cancellation is filed with the Secretary of State  
32 pursuant to Section 15623, 15696, 15902.03, or 15909.07 of the  
33 Corporations Code.

34 (c) The tax imposed by this chapter shall be due and payable  
35 on the date the return is required to be filed under former Section  
36 18432 or 18633.

37 (d) For purposes of this section, “limited partnership” means  
38 any partnership formed by two or more persons under the laws of  
39 this state or any other jurisdiction and having one or more general  
40 partners and one or more limited partners.

(e) Notwithstanding subdivision (b), any limited partnership that ceased doing business prior to January 1, 1997, filed a final return with the Franchise Tax Board for a taxable year ending before January 1, 1997, and filed a certificate of dissolution with the Secretary of State pursuant to Section 15623 of the Corporations Code prior to January 1, 1997, shall not be subject to the tax imposed by this chapter for any period following the date the certificate of dissolution was filed with the Secretary of State, but only if the limited partnership files a certificate of cancellation with the Secretary of State pursuant to Section 15623 of the Corporations Code. In the case where a notice of proposed deficiency assessment of tax or a notice of tax due (whichever is applicable) is mailed after January 1, 2001, the first sentence of this subdivision shall not apply unless the certificate of cancellation is filed with the Secretary of State not later than 60 days after the date of the mailing of the notice.

*(f) Notwithstanding subdivisions (a) and (b), every limited partnership that files a certificate of limited partnership with the Secretary of State on or after January 1, 2014, shall not be subject to the tax imposed by this chapter for the first five consecutive taxable years that it does business within this state, as defined by Section 23101, and is required to file a return under Section 18633.*

SEC. 3. Section 17941 of the Revenue and Taxation Code is amended to read:

17941. (a) For each taxable year beginning on or after January 1, 1997, a limited liability company doing business in this state ~~(as state, as defined in Section 23101)~~ 23101, shall pay annually to this state a tax for the privilege of doing business in this state in an amount equal to the applicable amount specified in subdivision (d) of Section 23153 for the taxable year.

(b) (1) In addition to any limited liability company that is doing business in this state and is therefore subject to the tax imposed by subdivision (a), for each taxable year beginning on or after January 1, 1997, a limited liability company shall pay annually the tax prescribed in subdivision (a) if articles of organization have been accepted, or a certificate of registration has been issued, by the office of the Secretary of State. The tax shall be paid for each taxable year, or part thereof, until a certificate of cancellation of registration or of articles of organization is filed on behalf of the limited liability company with the office of the Secretary of State.

1 (2) If a taxpayer files a return with the Franchise Tax Board that  
2 is designated as its final return, the Franchise Tax Board shall  
3 notify the taxpayer that the annual tax shall continue to be due  
4 annually until a certificate of dissolution is filed with the Secretary  
5 of State pursuant to Section 17707.08 of the Corporations Code  
6 or a certificate of cancellation is filed with the Secretary of State  
7 pursuant to Section 17708.06 of the Corporations Code.

8 (c) The tax assessed under this section shall be due and payable  
9 on or before the 15th day of the fourth month of the taxable year.

10 (d) For purposes of this section, “limited liability company”  
11 means an organization, other than a limited liability company that  
12 is exempt from the tax and fees imposed under this chapter  
13 pursuant to Section 23701h or Section 23701x, that is formed by  
14 one or more persons under the law of this state, any other country,  
15 or any other state, as a “limited liability company” and that is not  
16 taxable as a corporation for California tax purposes.

17 (e) Notwithstanding anything in this section to the contrary, if  
18 the office of the Secretary of State files a certificate of cancellation  
19 pursuant to Section 17707.02 of the Corporations Code for any  
20 limited liability company, then paragraph (1) of subdivision (f) of  
21 Section 23153 shall apply to that limited liability company as if  
22 the limited liability company were properly treated as a corporation  
23 for that limited purpose only, and paragraph (2) of subdivision (f)  
24 of Section 23153 shall not apply. Nothing in this subdivision  
25 entitles a limited liability company to receive a reimbursement for  
26 any annual taxes or fees already paid.

27 (f) (1) Notwithstanding any provision of this section to the  
28 contrary, a limited liability company that is a small business solely  
29 owned by a deployed member of the United States Armed Forces  
30 shall not be subject to the tax imposed under this section for any  
31 taxable year the owner is deployed and the limited liability  
32 company operates at a loss or ceases operation.

33 (2) The Franchise Tax Board may promulgate regulations as  
34 necessary or appropriate to carry out the purposes of this  
35 subdivision, including a definition for “ceases operation.”

36 (3) For the purposes of this subdivision, all of the following  
37 definitions apply:

38 (A) “Deployed” means being called to active duty or active  
39 service during a period when a Presidential Executive order

1 specifies that the United States is engaged in combat or homeland  
2 defense. “Deployed” does not include either of the following:

- 3 (i) Temporary duty for the sole purpose of training or processing.
- 4 (ii) A permanent change of station.

5 (B) “Operates at a loss” means a limited liability company’s  
6 expenses exceed its receipts.

7 (C) “Small business” means a limited liability company with  
8 total income from all sources derived from, or attributable, to the  
9 state of two hundred fifty thousand dollars (\$250,000) or less.

10 (4) This subdivision shall become inoperative for taxable years  
11 beginning on or after January 1, 2018.

12 *(g) Notwithstanding any provision of this section to the contrary,*  
13 *a limited liability company that files articles of organization with*  
14 *the Secretary of State on or after January 1, 2014, shall not be*  
15 *subject to the tax imposed under this section for the first five*  
16 *consecutive taxable years that it does business within this state,*  
17 *as defined by Section 23101.*

18 SEC. 4. Section 17942 of the Revenue and Taxation Code is  
19 amended to read:

20 17942. (a) In addition to the tax imposed under Section 17941,  
21 every limited liability company subject to tax under Section 17941  
22 shall pay annually to this state a fee equal to:

23 (1) Nine hundred dollars (\$900), if the total income from all  
24 sources derived from or attributable to this state for the taxable  
25 year is two hundred fifty thousand dollars (\$250,000) or more, but  
26 less than five hundred thousand dollars (\$500,000).

27 (2) Two thousand five hundred dollars (\$2,500), if the total  
28 income from all sources derived from or attributable to this state  
29 for the taxable year is five hundred thousand dollars (\$500,000)  
30 or more, but less than one million dollars (\$1,000,000).

31 (3) Six thousand dollars (\$6,000), if the total income from all  
32 sources derived from or attributable to this state for the taxable  
33 year is one million dollars (\$1,000,000) or more, but less than five  
34 million dollars (\$5,000,000).

35 (4) Eleven thousand seven hundred ninety dollars (\$11,790), if  
36 the total income from all sources derived from or attributable to  
37 this state for the taxable year is five million dollars (\$5,000,000)  
38 or more.

39 (b) (1) (A) For purposes of this section, “total income from all  
40 sources derived from or attributable to this state” means gross

1 income, as defined in Section 24271, plus the cost of goods sold  
2 that are paid or incurred in connection with the trade or business  
3 of the taxpayer. However, “total income from all sources derived  
4 from or attributable to this state” shall not include allocation or  
5 attribution of income or gain or distributions made to a limited  
6 liability company in its capacity as a member of, or holder of an  
7 economic interest in, another limited liability company if the  
8 allocation or attribution of income or gain or distributions are  
9 directly or indirectly attributable to income that is subject to the  
10 payment of the fee described in this section.

11 (B) For purposes of this section, “total income from all sources  
12 derived from or attributable to this state” shall be determined using  
13 the rules for assigning sales under Sections 25135 and 25136 and  
14 the regulations thereunder, as modified by regulations under  
15 Section 25137, other than those provisions that exclude receipts  
16 from the sales factor.

17 (2) In the event a taxpayer is a commonly controlled limited  
18 liability company, the total income from all sources derived from  
19 or attributable to this state, taking into account any election under  
20 Section 25110, may be determined by the Franchise Tax Board to  
21 be the total income of all the commonly controlled limited liability  
22 company members if it determines that multiple limited liability  
23 companies were formed for the primary purpose of reducing fees  
24 payable under this section. A determination by the Franchise Tax  
25 Board under this subdivision may only be made with respect to  
26 one limited liability company in a commonly controlled group.  
27 However, each commonly controlled limited liability company  
28 shall be jointly and severally liable for the fee. For purposes of  
29 this section, commonly controlled limited liability companies shall  
30 include the taxpayer and any other partnership or limited liability  
31 company doing business (as defined in Section 23101) in this state  
32 and required to file a return under Section 18633 or 18633.5, in  
33 which the same persons own, directly or indirectly, more than 50  
34 percent of the capital interests or profits interests.

35 (c) The fee assessed under this section shall be due and payable  
36 on the date the return of the limited liability company is required  
37 to be filed under Section 18633.5, shall be collected and refunded  
38 in the same manner as the taxes imposed by this part, and shall be  
39 subject to interest and applicable penalties.

1 (d) (1) The fee imposed by this section shall be estimated and  
2 paid on or before the 15th day of the sixth month of the current  
3 taxable year.

4 (2) A penalty of 10 percent of the amount of any underpayment  
5 shall be added to the fee. The underpayment amount shall be equal  
6 to the difference between the total amount of the fee imposed by  
7 this section for the taxable year less the amount paid under  
8 paragraph (1) by the date specified in that paragraph. A penalty  
9 shall not be imposed with respect to any fee estimated and paid  
10 under this section if the amount paid by the date prescribed in this  
11 subdivision is equal to or greater than the total amount of the fee  
12 of the limited liability company for the preceding taxable year.

13 (e) *Notwithstanding subdivision (a), a limited liability company*  
14 *that files articles of organization with the Secretary of State on or*  
15 *after January 1, 2014, shall not be subject to the fee imposed under*  
16 *this section for the first five consecutive taxable years that it does*  
17 *business within this state, as defined by Section 23101.*

18 SEC. 5. Section 17948 of the Revenue and Taxation Code is  
19 amended to read:

20 17948. (a) For each taxable year beginning on or after January  
21 1, 1997, every limited liability partnership doing business in this  
22 state (as defined in Section 23101) and required to file a return  
23 under Section 18633 shall pay annually to the Franchise Tax Board  
24 a tax for the privilege of doing business in this state in an amount  
25 equal to the applicable amount specified in paragraph (1) of  
26 subdivision (d) of Section 23153 for the taxable year.

27 (b) In addition to any limited liability partnership that is doing  
28 business in this state and therefore is subject to the tax imposed  
29 by subdivision (a), for each taxable year beginning on or after  
30 January 1, 1997, every registered limited liability partnership that  
31 has registered with the Secretary of State pursuant to Section 16953  
32 of the Corporations Code and every foreign limited liability  
33 partnership that has registered with the Secretary of State pursuant  
34 to Section 16959 of the Corporations Code shall pay annually the  
35 tax prescribed in subdivision (a). The tax shall be paid for each  
36 taxable year, or part thereof, until any of the following occurs:

37 (1) A notice of cessation is filed with the Secretary of State  
38 pursuant to subdivision (b) of Section 16954 or 16960 of the  
39 Corporations Code.



1 (2) A foreign limited liability partnership withdraws its  
2 registration pursuant to subdivision (a) of Section 16960 of the  
3 Corporations Code.

4 (3) The registered limited liability partnership or foreign limited  
5 liability partnership has been dissolved and finally wound up.

6 (c) The tax assessed under this section shall be due and payable  
7 on the date the return is required to be filed under Section 18633.

8 (d) If a taxpayer files a return with the Franchise Tax Board that  
9 is designated as its final return, the Franchise Tax Board shall  
10 notify the taxpayer that the annual tax shall continue to be due  
11 annually until a certificate of cancellation is filed with the Secretary  
12 of State pursuant to Section 16954 or 16960 of the Corporations  
13 Code.

14 (e) *Notwithstanding subdivisions (a) and (b), a limited liability*  
15 *partnership that files a certificate of limited partnership with the*  
16 *Secretary of State on or after January 1, 2014, shall not be subject*  
17 *to the tax imposed under this section for the first five consecutive*  
18 *taxable years that it does business within this state, as defined by*  
19 *Section 23101.*

20 SEC. 6. Section 23153 of the Revenue and Taxation Code is  
21 amended to read:

22 23153. (a) Every corporation described in subdivision (b) shall  
23 be subject to the minimum franchise tax specified in subdivision  
24 (d) from the earlier of the date of incorporation, qualification, or  
25 commencing to do business within this state, until the effective  
26 date of dissolution or withdrawal as provided in Section 23331 or,  
27 if later, the date the corporation ceases to do business within the  
28 limits of this state.

29 (b) Unless expressly exempted by this part or the California  
30 Constitution, subdivision (a) shall apply to each of the following:

31 (1) Every corporation that is incorporated under the laws of this  
32 state.

33 (2) Every corporation that is qualified to transact intrastate  
34 business in this state pursuant to Chapter 21 (commencing with  
35 Section 2100) of Division 1 of Title 1 of the Corporations Code.

36 (3) Every corporation that is doing business in this state.

37 (c) The following entities are not subject to the minimum  
38 franchise tax specified in this section:

39 (1) Credit unions.

(2) Nonprofit cooperative associations organized pursuant to Chapter 1 (commencing with Section 54001) of Division 20 of the Food and Agricultural Code that have been issued the certificate of the board of supervisors prepared pursuant to Section 54042 of the Food and Agricultural Code. The association shall be exempt from the minimum franchise tax for five consecutive taxable years, commencing with the first taxable year for which the certificate is issued pursuant to subdivision (b) of Section 54042 of the Food and Agricultural Code. This paragraph only applies to nonprofit cooperative associations organized on or after January 1, 1994.

(d) (1) Except as provided in paragraph (2), paragraph (1) of subdivision (f) of Section 23151, paragraph (1) of subdivision (f) of Section 23181, and paragraph (1) of subdivision (c) of Section 23183, corporations subject to the minimum franchise tax shall pay annually to the state a minimum franchise tax of eight hundred dollars (\$800).

(2) The minimum franchise tax shall be twenty-five dollars (\$25) for each of the following:

(A) A corporation formed under the laws of this state whose principal business when formed was gold mining, which is inactive and has not done business within the limits of the state since 1950.

(B) A corporation formed under the laws of this state whose principal business when formed was quicksilver mining, which is inactive and has not done business within the limits of the state since 1971, or has been inactive for a period of 24 consecutive months or more.

(3) For purposes of paragraph (2), a corporation shall not be considered to have done business if it engages in business other than mining.

(e) Notwithstanding subdivision (a), for taxable years beginning on or after January 1, 1999, and before January 1, 2000, every “qualified new corporation” shall pay annually to the state a minimum franchise tax of five hundred dollars (\$500) for the second taxable year. This subdivision shall apply to any corporation that is a qualified new corporation and is incorporated on or after January 1, 1999, and before January 1, 2000.

(1) The determination of the gross receipts of a corporation, for purposes of this subdivision, shall be made by including the gross receipts of each member of the commonly controlled group, as defined in Section 25105, of which the corporation is a member.

(2) “Gross receipts, less returns and allowances reportable to this state,” means the sum of the gross receipts from the production of business income, as defined in subdivision (a) of Section 25120, and the gross receipts from the production of nonbusiness income, as defined in subdivision (d) of Section 25120.

(3) “Qualified new corporation” means a corporation that is incorporated under the laws of this state or has qualified to transact intrastate business in this state, that begins business operations at or after the time of its incorporation and that reasonably estimates that it will have gross receipts, less returns and allowances, reportable to this state for the taxable year of one million dollars (\$1,000,000) or less. “Qualified new corporation” does not include any corporation that began business operations as a sole proprietorship, a partnership, or any other form of business entity prior to its incorporation. This subdivision shall not apply to any corporation that reorganizes solely for the purpose of reducing its minimum franchise tax.

(4) This subdivision shall not apply to limited partnerships, as defined in Section 17935, limited liability companies, as defined in Section 17941, limited liability partnerships, as described in Section 17948, charitable organizations, as described in Section 23703, regulated investment companies, as defined in Section 851 of the Internal Revenue Code, real estate investment trusts, as defined in Section 856 of the Internal Revenue Code, real estate mortgage investment conduits, as defined in Section 860D of the Internal Revenue Code, qualified Subchapter S subsidiaries, as defined in Section 1361(b)(3) of the Internal Revenue Code, or to the formation of any subsidiary corporation, to the extent applicable.

(5) For any taxable year beginning on or after January 1, 1999, and before January 1, 2000, if a corporation has qualified to pay five hundred dollars (\$500) for the second taxable year under this subdivision, but in its second taxable year, the corporation’s gross receipts, as determined under paragraphs (1) and (2), exceed one million dollars (\$1,000,000), an additional tax in the amount equal to three hundred dollars (\$300) for the second taxable year shall be due and payable by the corporation on the due date of its return, without regard to extension, for that year.

(f) (1) (A) Notwithstanding subdivision (a), every corporation that incorporates or qualifies to do business in this state on or after

1 January 1, 2000, shall not be subject to the minimum franchise tax  
2 for its first taxable year.

3 *(B) Notwithstanding subdivision (a), every corporation that*  
4 *incorporates in this state on or after January 1, 2014, shall not be*  
5 *subject to the minimum franchise tax for its first five consecutive*  
6 *taxable years.*

7 (2) This subdivision shall not apply to limited partnerships, as  
8 defined in Section 17935, limited liability companies, as defined  
9 in Section 17941, limited liability partnerships, as described in  
10 Section 17948, charitable organizations, as described in Section  
11 23703, regulated investment companies, as defined in Section 851  
12 of the Internal Revenue Code, real estate investment trusts, as  
13 defined in Section 856 of the Internal Revenue Code, real estate  
14 mortgage investment conduits, as defined in Section 860D of the  
15 Internal Revenue Code, and qualified Subchapter S subsidiaries,  
16 as defined in Section 1361(b)(3) of the Internal Revenue Code, to  
17 the extent applicable.

18 (3) This subdivision shall not apply to any corporation that  
19 reorganizes solely for the purpose of avoiding payment of its  
20 minimum franchise tax.

21 (g) Notwithstanding subdivision (a), a domestic corporation, as  
22 defined in Section 167 of the Corporations Code, that files a  
23 certificate of dissolution in the office of the Secretary of State  
24 pursuant to subdivision (b) of Section 1905 of the Corporations  
25 Code, prior to its amendment by the act amending this subdivision,  
26 and that does not thereafter do business shall not be subject to the  
27 minimum franchise tax for taxable years beginning on or after the  
28 date of that filing.

29 (h) The minimum franchise tax imposed by paragraph (1) of  
30 subdivision (d) shall not be increased by the Legislature by more  
31 than 10 percent during any calendar year.

32 (i) (1) Notwithstanding subdivision (a), a corporation that is a  
33 small business solely owned by a deployed member of the United  
34 States Armed Forces shall not be subject to the minimum franchise  
35 tax for any taxable year the owner is deployed and the corporation  
36 operates at a loss or ceases operation.

37 (2) The Franchise Tax Board may promulgate regulations as  
38 necessary or appropriate to carry out the purposes of this  
39 subdivision, including a definition for “ceases operation.”

1 (3) For the purposes of this subdivision, all of the following  
2 definitions apply:

3 (A) “Deployed” means being called to active duty or active  
4 service during a period when a Presidential Executive order  
5 specifies that the United States is engaged in combat or homeland  
6 defense. “Deployed” does not include either of the following:

- 7 (i) Temporary duty for the sole purpose of training or processing.
- 8 (ii) A permanent change of station.

9 (B) “Operates at a loss” means negative net income as defined  
10 in Section 24341.

11 (C) “Small business” means a corporation with total income  
12 from all sources derived from, or attributable, to the state of two  
13 hundred fifty thousand dollars (\$250,000) or less.

14 (4) This subdivision shall become inoperative for taxable years  
15 beginning on or after January 1, 2018.

16 SEC. 7. Section 23701.1 is added to the Revenue and Taxation  
17 Code, to read:

18 23701.1. A corporation that incorporates under the laws of this  
19 state on or after January 1, 2014, shall be exempt from the taxes  
20 imposed under this part for the first five consecutive taxable years  
21 that it does business within this state, as defined by Section 23101.

22 SEC. 8. This act provides for a tax levy within the meaning of  
23 Article IV of the Constitution and shall go into immediate effect.